



# First Release

16th January 2014

Coverage: Great Britain  
Theme: Social and Welfare

## Fraud and Error in the Benefit System: 2012/13 Estimates (Great Britain)

Estimates of the levels of fraud and error in the benefit system in Great Britain are published today. These are available on the GOV.UK website at:

<https://www.gov.uk/government/collections/fraud-and-error-in-the-benefit-system>

The publication presents the 2012/13 estimates of total overpayments and underpayments across the benefit system in Great Britain. This release also covers individual estimates for Income Support, Jobseeker's Allowance, Pension Credit and Housing Benefit for 2012/13.

### Headline results

#### Estimates of Fraud and Error across all benefits in 2012/13

The estimate of total overpayments due to fraud and error across all benefits is £3.5bn; this is 2.1% of the total benefit expenditure, which was £166.6bn in 2012/13.

However, the net loss to DWP is less than the total overpayments since DWP and Local Authorities identified and recovered around £900m of overpayments in 2012/13.

The estimate of total underpayments due to fraud and error across all benefits is £1.6bn; this is 0.9% of the total benefit expenditure in 2012/13.

#### Estimates of Fraud and Error by type of error in 2012/13

- 0.7%, or £1.2bn, of total benefit expenditure is overpaid due to fraud;
- 1.0%, or £1.6bn, of total benefit expenditure is overpaid due to claimant error;
- 0.5%, or £0.8bn, of total benefit expenditure is overpaid due to official error.
  
- 0.6%, or £1.0bn, of total benefit expenditure is underpaid due to claimant error;
- 0.3%, or £0.5bn, of total benefit expenditure is underpaid due to official error.

#### Estimates of Fraud and Error by individual benefits in 2012/13

Key findings for the individual benefits that are measured on a continuous basis are that:

- 4.3%, or £230m, of Income Support expenditure (£5.5bn) was overpaid;
- 4.1%, or £210m, of Jobseeker's Allowance expenditure (£5.2bn) was overpaid;
- 6.4%, or £490m, of Pension Credit expenditure (£7.6bn) was overpaid;
- 5.1%, or £1,220m, of Housing Benefit expenditure (£23.7bn) was overpaid.
  
- 1.3%, or £70m, of Income Support expenditure (£5.5bn) was underpaid;
- 0.4%, or £20m, of Jobseeker's Allowance expenditure (£5.2bn) was underpaid;
- 2.3%, or £180m, of Pension Credit expenditure (£7.6bn) was underpaid;
- 1.6%, or £380m, of Housing Benefit expenditure (£23.7bn) was underpaid.



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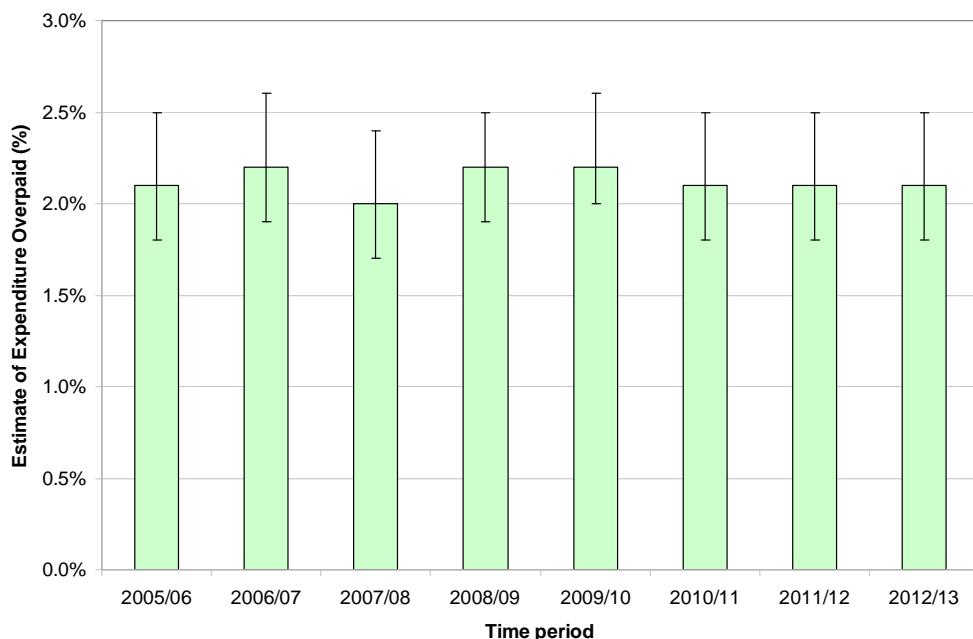
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## Overpayments

The estimate for the percentage of total benefit expenditure overpaid in 2012/13 is the same when compared to the 2011/12 estimate and the 2010/11 estimate, 2.1%. This estimated percentage overpaid has remained between 2.0% and 2.2% since 2005/06.

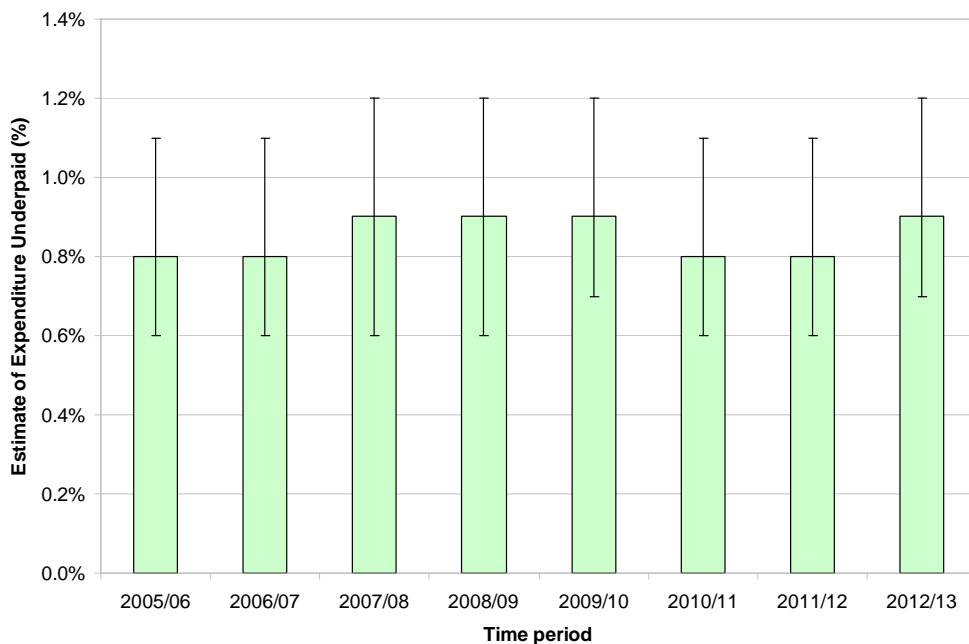


Estimated 95% confidence intervals are illustrated by the black lines, which show the lower and upper values for the estimates.

The estimated value of overpayment in 2012/13 is £3.5bn which is an increase compared to previous estimates. In 2011/12, the value of overpayment was estimated to be £3.4bn and in 2010/11 it was estimated to be £3.2bn. This is due to an increase in overall DWP benefit expenditure.

## Underpayments

The estimate for the percentage of total benefit expenditure underpaid in 2012/13 is 0.9%, which is an increase compared to those in 2011/12 and 2010/11, 0.8%. The estimated percentage underpaid has remained between 0.8% and 0.9% since 2005/06.



Estimated 95% confidence intervals are illustrated by the black lines, which show the lower and upper values for the estimates.



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The estimated value of underpayment in 2012/13 is £1.6bn which is an increase compared to previous years. In 2011/12, £1.3bn was estimated to have been underpaid and in 2010/11, £1.2bn was estimated to have been underpaid.

### **Fraud**

The percentage overpaid due to fraud in the 2012/13 estimate is the same as the 2011/12 estimate, 0.7%. However, this is a slight decrease compared to the 2010/11 estimate, 0.8%. The monetary value of fraud overpayments in the 2012/13 estimates is the same as those in the 2011/12 and 2010/11 estimates, £1.2bn.

The 2012/13 estimates show that underpayment due to fraud was 0.0% of total benefit expenditure, the same as in 2011/12 and 2010/11.

### **Claimant Error**

The percentage overpaid due to claimant error in the 2012/13 estimate is 1.0% which is an increase compared with the 2011/12 estimate, 0.9% and 2011/12 estimate, 0.8%. The monetary value of claimant error overpayments in the 2012/13 estimate is £1.6bn which is an increase compared to the 2011/12 and 2010/11 estimates, £1.4bn and £1.3bn respectively.

The 2012/13 estimates show that 0.6% of total benefit expenditure, £1.0 bn, was underpaid due to claimant error which is the same when compared to the 2011/12 estimate, although an increase in the monetary value from £0.9m. The 2010/11 estimate was 0.5% and £0.8bn.

### **Official Error**

The percentage overpaid due to official error in the 2012/13 estimate is the same as the 2011/12 and 2010/11 estimates, 0.5%. The monetary value of official error overpayments in the 2012/13 estimates is the same as those in the 2011/12 and 2010/11 estimates, which was £0.8bn.

The 2012/13 estimates show that 0.3% of total expenditure, £0.5bn, was underpaid due to official error. The 2011/12 and 2010/11 estimates were 0.3% and £0.4bn.

### **Individual Benefits**

#### **Income Support – Overpayment**

The estimate of Income Support benefit expenditure overpaid for 2012/13 has fallen slightly to 4.3% when compared to the 2011/12 and 2010/11 estimate of 4.4%. The overpaid value has decreased to £230m in 2012/13 compared to £310m in 2011/12 and £350m in 2010/11. The decrease in the Monetary Value of Fraud and Error between 2011/12 and 2012/13 is also contributed to by the overall fall in Income Support expenditure.

#### **Jobseeker's Allowance – Overpayment**

The estimate of Jobseeker's Allowance benefit expenditure overpaid for 2012/13 is 4.1%, which is a decrease when compared to the 2011/12 estimate of 4.6% and the 2010/11 estimate of 6.1%. The overpaid value in 2012/13 is £210m. This is a decrease when compared to £230m in 2011/12 and £270m in 2010/11.

## Pension Credit – Overpayment

The estimate of Pension Credit benefit expenditure overpaid for 2012/13 has increased to 6.4% when compared to the 2011/12 estimate of 5.7% and the 2010/11 estimate of 5.6%. The overpaid value in 2012/13 is £490m, which is an increase from £460m in 2011/12 and £470m in 2010/11.

## Housing Benefit – Overpayment

The estimate of Housing Benefit expenditure overpaid for 2012/13 is 5.1% which is an increase when compared to the 2011/12 estimate of 4.9% and the 2010/11 estimate of 4.6%. The overpaid value in 2012/13 is £1,220m. This is an increase compared to the overpaid value in 2011/12 of £1,130m and the overpaid value in 2010/11 of £980m.

None of the changes above are statistically significant at a 95% level of confidence unless specifically stated. This suggests that any changes are more than likely to be due to sampling variation and that these estimates are stable over time and little change occurs year on year.

## Notes to Editors

1. The estimates being published are National Statistics and as such are produced to the high professional standards set out in the National Statistics Code of Practice. These estimates have regular quality assurance reviews to ensure that they continue to meet customer needs.

2. The full National Statistics report “Fraud and Error in the Benefit System: 2012/13 Estimates” is published at:

<https://www.gov.uk/government/collections/fraud-and-error-in-the-benefit-system>



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